

CALIFORNIA HIGH-SPEED RAIL AUTHORITY

MONTHLY MEETING

TRANSCRIPT OF PROCEEDINGS

Sacramento City Hall

915 I Street, City Council Chambers

Sacramento, California 95814

Thursday, February 14, 2013

9:07 a.m.

BRITTANY FLORES

CERTIFIED SHORTHAND REPORTER

LICENSE NO. 13460

A P P E A R A N C E S

BOARD MEMBERS

Mr. Dan Richard, Chairman

Mr. Tom Richards, Vice-Chair

Ms. Lynn Schenk, Vice-Chair

Mr. Jim Hartnett

Mr. Michael Rossi

Mr. Thomas Umberg

STAFF

Ms. Angela Reed, Interim Board Secretary

ALSO PRESENT

Mr. Jeff Morales, CEO

Mr. Thomas Fellenz, Esq., Legal Counsel

--o0o--

I N D E X

Page

Public comment

5

Item 1, Approval of Minutes from January 23, 2013

24

Item 2, Election of Officers

24

Item 3, Draft California State Rail Plan

27

Item 4, Memorandum of Understanding between the
Authority and the Peninsula Corridor Joint Power
Board (Caltrain)

48

Item 5, High-Speed Rail safety System

91

Item 6, Close Session Pertaining to Litigation

91

--o0o--

SACRAMENTO, CALIFORNIA, February 14, 2013

1 9:07 a.m.

2 --o0o--

3
4 CHAIRMAN RICHARD: Okay. Good morning.
5 This meeting of the California High-Speed Rail Authority
6 will come to order. Welcome, everybody, and would the
7 secretary please call the roll.

8 MS. REED: Vice-Chair Schenk.

9 MS. SCHENK: Here.

10 MS. REED: Vice-Chair Richards.

11 MR. RICHARDS: Here.

12 MS. REED: Mr. Umberg. Mr. Hartnett.

13 MR. HARTNETT: Here.

14 MS. REED: Mr. Rossi.

15 MR. ROSSI: Here.

16 MS. REED: Chairman Richard.

17 CHAIRMAN RICHARD: I'm here.

18 Mr. Hartnett, would you lead us in the Pledge of
19 Allegiance.

20
21 (Pledge of Allegiance recited.)

22
23 CHAIRMAN RICHARD: Thank you. I don't have
24 my agenda in front of me. Okay. So we will begin with
25 public comment, and let me just take a moment as we

1 always do and ask -- or afford our elected officials an
2 opportunity to speak first, and then we go in order. I
3 know one name I always come up with is Supervisor Henry
4 Perea.

5 Supervisor Perea, good morning.

6 MR. PEREA: Good morning, Mr. Chairman,
7 members of the board. I wanted to welcome you. It's
8 good to be here today. We understand that you may be
9 coming to Fresno in April for a meeting, and if that
10 still works out, whether it's April or May, I would like
11 to hand out any assistance we can give you all. We can
12 meet, and we'd be happy to do that, but it's great to be
13 here with you today.

14 CHAIRMAN RICHARD: Thank you, Supervisor.
15 We are planning, throughout the year, as we've done in
16 the past to hold meetings throughout the state. We
17 appreciate the fact that a lot of people travel long
18 distances to come here. So I believe we will be going
19 to Fresno at some point. Mr. Morales is working on
20 that.

21 We will next take our speakers in the order in
22 which these cards were received. Brad Johns, he'll be
23 followed by David Schwegel.

24 MR. JOHNS: Good morning. I'd like to
25 start, my name is Brad Johns. I'm from Hanford. I'm a

1 farmer, second generation, and I want to welcome this.
2 I think high-speed rail is the greatest thing that ever
3 happened to this area, region, job creation and so on.

4 So I'd like to dispel one myth right off the bat.
5 Some of these dairy men say that cows cannot exist next
6 to high-speed rail, and well, I went looking, and I
7 found photographic evidence that the cows can adjust to
8 just darn near anything, and I'd like to present this to
9 Mr. Richards.

10 CHAIRMAN RICHARD: If you give it to the
11 secretary, please.

12 MR. JOHNS: They can adjust to anything
13 so --

14 CHAIRMAN RICHARD: For those of you watching
15 at home, Mr. Johns has just shown us a picture of cows
16 surrounded by -- surrounding a UFO which has landed, and
17 I'm not going to say where.

18 MR. JOHNS: It's one of the pastures around
19 Hanford.

20 To start off with, I represent myself and a group
21 of farmers on the east side of -- I mean, working behind
22 the scenes. I've done quite a little bit on behalf of
23 high-speed rail, but to start off with, I'd like to read
24 a letter by Kathy Garrison, Chairman of the Kings County
25 Democratic Central Committee. We're in support of an

1 eastern alignment for the Hanford project, and it starts
2 as follows:

3 As a long time resident of Hanford, I'd like to
4 address the committee concerning the selection of the
5 route for high-speed rail. I first want you to know I
6 had a group of about 15 people that went to the city
7 council member on December 12th and requested the
8 council select a route preference for the commission for
9 the eastern alignment. The reasons are as follows: The
10 eastern route would be less destructive to the City of
11 Hanford for the growth mainly to the west, and a west
12 route would be disruptive to city services. Secondly,
13 the City of Hanford has received a large amount of
14 developers' fees for the western alignment and are very
15 concerned about the train going to the west and causing
16 a legal liability for our city. Three, the eastern
17 route would be a more regional route and would have --
18 be more used by Visalia, Tulare communities east of
19 Hanford. Fourth, the large and most industrial part
20 east of Hanford, there's been at least one large company
21 that is interested in bringing jobs related to
22 high-speed rail and located in that area.

23 We went back to the City Council in January. We
24 hoped that they would submit a preference. However,
25 there was a contingent of anti-high-speed rail people.

1 I think you know who they are and a group -- and the
2 majority did not have the resolve to make a decision and
3 face the opposition group, but there was one brave
4 council member who asked that the council do pick a
5 route, an eastern route, but the others didn't have the
6 courage to act on that.

7 As a spokesperson for the group, I'm requesting
8 that the commission act upon the wishes of the group of
9 residence of Kings County who actually have been willing
10 to state preferences. We know no other group in our
11 area has requested a western route at all. We hope the
12 commission will not punish our elected officials' lack
13 of courage to do what is best for the City and the
14 residents of the areas. So we are urging you to pick
15 the eastern route.

16 Now, for myself, as a farmer --

17 CHAIRMAN RICHARD: If I could just ask you
18 to -- we're going to try to keep the comments to three
19 minutes. Actually, what I'm going to do --

20 MR. JOHNS: I submitted --

21 CHAIRMAN RICHARD: I'm sorry?

22 MR. JOHNS: I submitted two. One for myself
23 and one for this group.

24 CHAIRMAN RICHARD: Okay.

25 MR. JOHNS: I can wait.

1 CHAIRMAN RICHARD: Oh, so what you're saying
2 is -- well, Mr. Johns, why don't you just finished up.

3 MR. JOHNS: Okay. Now, as for myself as a
4 farmer, as I stated, I've cleared you two miles worth of
5 track on the eastern alignment now with the farmers that
6 are there to stop those problems that are going through
7 the City of Hanford. You'll find no opposition there
8 whatsoever. There are no Indian burial mounds. There
9 are no problems.

10 On the western side, however, as you get into
11 Layton, that is a historic campsite of the Indians. You
12 might get surprised when you start into those areas. I
13 suspect that groups like Mr. Fercato and his anti-people
14 are just praying to God that you go there so that turns
15 into a death nail instead of a blessing.

16 So the western route, as this letter states,
17 we've got a developer who has already got his plans in
18 place, and the City wouldn't have any problems with
19 that. But as for myself, I have located a gentleman by
20 the name of Mr. Richard Prong who has a private equity
21 fund out in New York City. Hook them up with Diane
22 Gomez. He wants to come in with private equity money.
23 He has \$1 billion, and he wants to partner with
24 high-speed rail and build all of your train stations for
25 you. Because of Mr. Prong's involvement, he has also

1 brought in a gentleman by the name of Mr. Steve
2 Silverman who has a manufacturing idea about collecting
3 all the class two plastics in the State of California
4 and building you a composite plastic railroad tie, which
5 is tough and will replace wood and is already being used
6 now. So he has yet to get a meeting with Diane on that
7 respect.

8 So these are things that are coming in on the
9 private sector to help you out and will bring jobs
10 almost immediately.

11 So with that, I respectfully submit and request
12 that you consider an eastern alignment through our city.
13 Thank you and have a blessed day.

14 CHAIRMAN RICHARD: Thank you, Mr. Johns.
15 Appreciate you traveling up here this morning.

16 David Schwegel followed by Mark Kyle.

17 MR. SCHWEGEL: Happy Valentine's Day fellow
18 leaders. David Schwegel. I recall a love on the
19 high-speed rail video where a boy sees girl. It's love
20 at first sight. Boy goes to all kinds of new
21 destinations and girl came to train never to be seen
22 again, wished that boy had known the system a little bit
23 better. Luckily, we have guys that know the system
24 quite well. US High-Speed Rail Association president
25 and CEO Andy Kunz just wrapped up a very impressive

1 high-speed rail summit in Washington DC, and Mr. Kunz
2 also provided a very important article in this month's
3 Institute of Transportation Engineers concerning
4 California section newsletter. Since president pro tem
5 Darrell Steinberg gave executive director Stewart Cone a
6 prestigious environmental leadership award and
7 transforms transportation choices summit and advocacy
8 day is coming up here in Sacramento in late April, we do
9 need to make sure that we show some love for our
10 opposition as well. Energy analyst Rayder McDonald
11 reminds us that automobile and fossil fuel interests
12 outspend rail and renewables one hundred to one in media
13 campaigns creating widespread misinformation and making
14 mountains out of molehills. Educating our friends,
15 particularly those in the smog infested city of
16 Bakersfield, that -- to my knowledge, has the worst air
17 quality in the nation -- we may want to remind them of
18 the tremendous air quality benefits that high-speed rail
19 has to offer them.

20 So let's continue our fine job of showing love to
21 both our supporters and our opponents alike to expedite
22 project success. Again, happy Valentine's Day. Thank
23 you very much

24 CHAIRMAN RICHARD: Thank you. Next, is Mark
25 Kyle followed by Jeremy Smith.

1 MR. KYLE: Good morning, Mr. Chair and board
2 members. Mark Kyle, Operating Engineers Local Three.
3 Pleasure to stand here before you on the cusp of a new
4 phase of the project. Operating engineers, as you know,
5 represents construction workers. We represent
6 approximately 24,000 workers in northern California.

7 I'm here today because, um, I want to talk about
8 an issue that has been raised previously with this
9 board, Project Labor Agreements. It's come up a number
10 of times, but most recently in the last couple of months
11 it's been brought up by a group called the Associated
12 Builders Contractors, and I want to go on the record
13 that Operating Engineers supports Project Labor
14 Agreements. We believe that they're a benefit not only
15 to the project but to the workers and ultimately will be
16 to the State of California. So that we may have a
17 little bit more of a balanced record for -- in support
18 of Project Labor Agreements.

19 As you probably know that ABC is basically a
20 lobbying and PR effort with very little true relation to
21 economic development and they're driven by a right wing
22 extremist anti-union and their real interests are to pay
23 their workers as little as possible and if they can get
24 away with it, probably pay them nothing and also to keep
25 their benefits down.

1 So I ask you to set aside their paranoid,
2 neolithic world view, set aside their capitularies and
3 their distortions and their fabrications and, in fact,
4 look at the reality of Project Labor Agreements in
5 California where, historically, Project Labor Agreements
6 have brought labor peace into the projects, big and
7 small throughout California. They provide a stability
8 and continuity in the workplace. They provide clear
9 procedures and guidelines for labor and management.
10 They provide project workers an opportunity to earn a
11 middle class income, and probably most importantly from
12 your perspective, they provide projects the ability to
13 come in on time and on budget.

14 So when the time is appropriate for this board to
15 consider a Project Labor Agreement in this agency to
16 consider Project Labor Agreements, please know that we
17 stand in support of that effort. Thank you very much.

18 CHAIRMAN RICHARD: Thank you, Mr. Kyle.

19 MR. KYLE: And since I have thirty seconds,
20 I just want to say that I, too, have two adorable
21 children but couldn't bring them out for propaganda
22 purposes because they actually had school today.

23 CHAIRMAN RICHARD: In your remaining time,
24 I'll tell you that Frank DeRosa says, "Hello."

25 MR. SMITH: Good morning, Mr. Chair members.

1 I'm here on behalf of Romney Hunter, the president of
2 the Big Building and Construction Phase Council. He
3 asked me to appear for him to read a letter he just
4 recently sent to all of you regarding the letter he
5 received from the Associated Builders Contractors.

6 "I wish to respond to the many inaccuracies in
7 that letter that you received from the Associated
8 Builders and Contractors about the community benefits
9 agreement that is included in Addendum 8 of the
10 Authority's project proposal. Unfortunately, there are
11 many errors in the letter. ABC is a far right wing
12 political advocacy organization with a national agenda,
13 acting labor union not representative of California --
14 of the California construction industry. ABC member
15 contractors include only about three-tenths of one
16 percent of the statewide contractors."

17 With that background, I want to go ahead and
18 address a few points from the letter that the ABC wrote
19 to you all.

20 As the Authority knows, the ABC letter is wrong
21 in claiming that the CBA would exclude workers who are
22 not union workers from performing project work. Section
23 5.1 provides that CSE and unions agree not to engage in
24 any form of discrimination or on the parameter of
25 membership and a labor organization in hiring and

1 dispatching workers for the project. And Section 6.2
2 provides that no employee covered by this agreement
3 shall be required to join any union as a condition of
4 being employed or remaining employed for the conclusion
5 of the project work.

6 As the Authority also notes, the ABC letter is
7 wrong in claiming that the CBA excludes contractors not
8 otherwise signatories to the labor agreements from
9 performing project work. Again, Section 3.2 provides
10 that CSE will not be obligated to sign any local area or
11 national collective body agreement as a condition of
12 performing work to agreement, and Section 13.4 provides
13 that contractors shall have the absolute right to award
14 contracts or subcontracts for project work to any
15 qualified contractor notwithstanding the assistance
16 of -- existence or nonexistence of the unions agreements
17 between such contractors and unions.

18 The ABC letter also gets it backwards in claiming
19 that the community benefits agreement will make it more
20 difficult to achieve the Authority's goals providing job
21 opportunities for nationally targeted workers. The CBA
22 supercedes that normal hiring provisions of those
23 preexisting labor agreements are requiring that
24 qualified national targeted workers be given first
25 preference for dispatch. Section 7.5.1 provides that

1 the union and the contractors agree that no -- so long
2 as they possess the requisite skills and qualifications,
3 national targeted workers shall be first referred to the
4 project for project work, and section 7.1-0 provides
5 that when national targeted workers are requested by a
6 CSE, the unions will refer to such workers regardless of
7 their place in the union hiring halls list and referral
8 procedures.

9 The ABC letter is also wrong in claiming that the
10 CBA will deter small business participation. To the
11 contrary, by allowing subcontracts to be awarded without
12 regard to unions and in providing all contractors with
13 the resource for building, the CBA has the basis for a
14 very successful outreach program. The ABC also asserts
15 without any basis that the CBA will increase project
16 costs. As we all know, this is a prevailing wage
17 project. Those are the biggest costs of any project
18 benefit. Those are set by a prevailing wage law. So
19 there's no issue there.

20 And I know I'm almost out of time. I'll just
21 finish with this; the CBA also sets procedures for all
22 grievances and jurisdictional disputes through
23 arbitration and provides in Section 4.1 that there shall
24 be no strikes or stoppages, slow downs, or other
25 disruptive activity for any reason by a union, and there

1 shall be no lockout by a contractor. Finally, Section
2 4.6 allows for immediate arbitration and huge fines for
3 this violation.

4 I'll stop there. My time is up, but thank you
5 for your time this morning.

6 CHAIRMAN RICHARD: Well, thank you, Mr.
7 Smith and I want to assure you that -- if you could tell
8 Mr. Hunter that I received and read the entire letter.
9 Appreciate your coming to highlight it today.

10 Next is Tony Castillo followed by Robert Allen.
11 Good morning, Mr. Castillo.

12 MR. CASTILLO: Good morning, Mr. Chairman,
13 members. I, too, speak before you in support of the two
14 previous speakers. I represent the Northern California
15 Laborers Training Trust Fund, and we are thrilled that
16 this project is moving forward. We fully support it,
17 and we appreciate all the time and effort that the
18 Authority is putting into this, making it happen,
19 bringing in good jobs to the Central Valley,
20 historically, depressed area with high unemployment, and
21 the laborers, as well as the brothers and sisters in the
22 building trade, we see this as an opportunity to provide
23 an economic ladder to other individuals in the community
24 who are looking for a career in, in construction.

25 So with that, thank you for your time.

1 CHAIRMAN RICHARD: Thank you very much,
2 Mr. Castillo.

3 Robert Allen followed by LeeAnn Eager.

4 MR. ALLEN: Yes. A number of times, I have
5 appeared before you speaking against the blended rail,
6 against running high-speed rail on the Caltrain tracks.
7 It's exceedingly dangerous, and it's a hazard, and I
8 urge you to consider seriously going from Santa Clara
9 north along the Amtrak UP line through Mulford to
10 Oakland and to build a new intermodal station with BART
11 where BART crosses over that UP track. It would be a
12 good intermodal connection between BART and high-speed
13 rail. I have suggested that there be -- and I'd like to
14 have more than 90 seconds --

15 CHAIRMAN RICHARD: That's okay, Bob. Go
16 ahead.

17 MR. ALLEN: I'd also like to have you urge
18 the formation of a committee to improve BART, make BART
19 a five-county agency. I realize that is not your
20 particular problems, but I think you would be able to
21 have great influence in making the three-county BART
22 into a five-county agency and tie that in with
23 high-speed rail. You could do much for both agencies.
24 Thank you.

25 CHAIRMAN RICHARD: And, Bob, before you

1 leave, I just want to say, we have known each other for
2 a long time, and I don't want you to feel that people
3 aren't listening to what you're saying. What I'd like
4 you to consider is that under the Bond Act, we have to
5 terminate the high-speed rail project at the Trans-Bay
6 Terminal in San Francisco. So I know you're a long time
7 rail guy, and I certainly understand what you're saying
8 about bringing it up the east side and maybe rebuilding
9 the west Oakland BART station there, and there's some
10 exiting possibilities there, but the problem -- the
11 challenge we see is that it doesn't necessarily comply
12 with the Bond Act of getting into San Francisco.

13 So you might want to think about that. Help us
14 think that through.

15 MR. ALLEN: Certainly.

16 CHAIRMAN RICHARD: And Vice-Chair Schenk was
17 pointing out that there's probably more agreement with
18 you there that you would find than you might imagine.

19 So anyway, LeeAnn Eager and followed by our last
20 speaker, Michael Quisby.

21 MS. EAGER: Good morning. Happy Valentine's
22 Day. Obviously, you all know that things are hopping in
23 Fresno. We have been continuing to meet with those
24 folks along the alignment, ensuring that they have
25 places to go, places to move. Now that some of them

1 have been getting offer letters, obviously, things have
2 really been picking up, but I do want to thank you
3 because some of those benefits that we had been talking
4 about for the last three years that we knew were coming
5 are finally coming.

6 We have been getting calls from companies from
7 Tennessee, from Minnesota, from New York, who want to
8 come to the Central Valley because they know that the
9 high-speed rail is coming now finally. Now people are
10 actually giving offer letters, saying, "Well, oh, gee,
11 it must be coming. I better start looking." So we have
12 been talking to them, and, obviously, what we have been
13 telling them is we are -- at the BBC, we're more than
14 willing to help them. We are more than willing to
15 assist them in moving their business here so long as
16 they open an office in the Central Valley, so long as
17 they hire our folks in the Central Valley, so long as
18 they spend their money in the Central Valley, our doors
19 are open; we're more than willing to help them. And we,
20 obviously, have had quite a few folks who are interested
21 in moving there.

22 We have put a broker committee together, and we
23 just met last week ensuring that we have spaces for not
24 just those folks that have to move on the alignment but
25 for those businesses that want to move in. We're

1 putting together housing subcommittees so that when we
2 have 20,000 new people put to work, we have places for
3 them to live. So all of those things that we have been
4 planning for are finally coming to fruition. So those
5 of you -- it's coming your way, you all need to start
6 getting prepared also because this is a very exciting
7 time.

8 I gave a speech not too long ago at the real
9 estate association about "Why Fresno?" Why invest in
10 Fresno? And, of course, one of the major topics there
11 was high-speed rail, and if we are the center of the
12 universe for high-speed rail, which we know we are, then
13 all things will come to us as they are now.

14 I do want to say one quick thing. Supervisor
15 Perea and I won't be here at the March 7th meeting.
16 We'll be in Washington DC on our trip, but, of course,
17 high-speed rail will be on the top of our agenda. So
18 we'll still be fighting for things across the country.
19 Thank you very much

20 CHAIRMAN RICHARD: Thank you, Ms. Eager. We
21 appreciate that report, and I just want to say that if
22 you start getting calls from companies in Texas as you
23 know about -- because it would be very interesting if
24 people are seeing their backside. Sorry for that
25 editorial comment, and Supervisor Perea will give you

1 the honorary appearance slip for your trip to Washington
2 so that you can maintain the record.

3 Our final speaker, Michael Quisby.

4 MR. QUISBY: Good morning. Good morning,
5 Mr. Chair, board members. My name is Michael Quisby.
6 I'm the manager of government affairs for the California
7 Alliance for Jobs. We represent the union construction
8 industry here in northern and central California. We're
9 representing over 2,500 union construction contractors
10 and 80,000 union construction workers here in the base.
11 I'm here in support of the message delivered by my
12 colleagues in the laborers and operators in building
13 trades and also to commend this body on the progress you
14 have made on this project.

15 As you know, you are in the public works
16 procurement process, which is something that always is
17 tricky and controversial by the very nature of the fact
18 that you have to pick the best available bidder on a
19 project that ultimately is going to be the largest
20 infrastructure project in this country. It's no easy
21 task given the hurdles and obstacles that will be facing
22 this project as we move forward, but I feel confident in
23 this body's ability to make that decision.

24 It's important, as you have been doing, that you
25 maintain transparency in your process, and I think that

1 the recent criticism that you have been receiving about
2 your alleged PLA agreements from ABC is completely
3 outlandish, because this body has made no agreements
4 with labor unions and so that is no concern. However,
5 to dispute what they say about PLAs as a viable method
6 of providing a highly trained work force for an
7 infrastructure project of this scale, I would say that
8 the industry has been using PLAs for decades. It's a
9 method of securing labor. On a project of this scale,
10 you're going to need as many highly trained and
11 productive workers as California can muster.

12 Benefits of PLA allow you to have a defined labor
13 cost for your project. Another concern as you move
14 forward is making sure that your costs are within your
15 budget. You have consistent standard of training
16 through a PLA agreement. You have consistency in the
17 quality of your labor workforce. You have a workforce
18 that has greater productivity for man hours in the
19 field, and you also have tertiary benefits in terms
20 of -- just as Henry Ford paid his workers enough to buy
21 the cars that they were manufacturing, a PLA allows you
22 to support a workforce and support middle-class jobs in
23 a way that benefits the local economic development and
24 community agreements.

25 So with that, thank you and look forward to

1 working with you.

2 CHAIRMAN RICHARD: Thank you, Mr. Quisby.

3 Okay. That concludes the public session this
4 morning. Let the minutes reflect that Mr. Umberg is
5 also in attendance.

6 Mr. Fellenz.

7 MR. FELLEENZ: Yes. The first agenda item is
8 approval of the minutes from the January 23rd, 2013
9 meeting.

10 CHAIRMAN RICHARD: Okay. It's moved by
11 Vice-Chair Schenk and seconded by Mr. Hartnett.

12 Call the roll please.

13 MS. REED: Vice-Chair Schenk.

14 MS. SCHENK: Yes.

15 MS. REED: Vice-Chair Richards.

16 MR. RICHARDS: Yes.

17 MS. REED: Mr. Umberg.

18 MR. UMBERG: Yes.

19 MS. REED: Mr. Hartnett.

20 MR. HARTNETT: Yes.

21 MS. REED: Mr. Rossi.

22 MR. ROSSI: Yes.

23 MS. REED: Chairman Richard.

24 CHAIRMAN RICHARD: Yes.

25 Let me just say a word about Item 2. It's a

1 slight misnomer. It really should not be "Election of
2 Officers." The normal election of officers takes place
3 usually in the July meeting, and that -- certainly,
4 we'll do that. I asked that this item be placed on
5 because it was a year ago that, following Mr. Umberg, I
6 had assumed gavel, and I just felt that it was important
7 not to presume that going beyond the one year period
8 given our by laws, so I did ask this be posted on the
9 agenda at this point, but it really should, at this
10 point, pertain to the board Chair.

11 So, Mr. Fellenz, do you have anything you want to
12 add?

13 MR. FELLEENZ: No, I don't. I would just
14 turn it over to the board members to deliberate on
15 election of president.

16 CHAIRMAN RICHARD: Okay. Vice-Chair
17 Richards.

18 MR. RICHARDS: Thank you, Mr. Chairman. I
19 would propose, as our counsel has just told us and the
20 Chairman has noted, I would propose that the current
21 Chair's position and his first term be extended to -- in
22 concurrent with our next scheduled meeting for the
23 placement or election of new officers for this board and
24 that would be my proposal, motion.

25 MR. ROSSI: Second.

1 MR. FELLEENZ: And maybe just for
2 clarification, that day would be July 13th.

3 CHAIRMAN RICHARD: Okay. Vice-Chair Schenk.

4 MS. SCHENK: So this isn't really a term. I
5 mean, you just filled out someone's term. So you could
6 go for two more terms, right?

7 CHAIRMAN RICHARD: Well, why don't we
8 address that issue when we get to the July meeting.

9 MS. SCHENK: Well, I want to make sure
10 that -- that will be my preference.

11 CHAIRMAN RICHARD: I appreciate that. I
12 think that -- what I was trying to deal with is that we
13 have bylaws that basically govern the terms, but as I
14 read them, there's also a one-year period. So I just
15 felt that the one year having expired, that something
16 needed to be addressed. So we can certainly, I think at
17 the normal time, the beginning of the fiscal year when
18 the board looks at these issues, we can decide at that
19 point what we want to do.

20 Okay. I intend to vote "no" on this point. It's
21 been moved and seconded. Call the roll.

22 MS. REED: Vice-Chair Schenk.

23 MS. SCHENK: Enthusiastically, yes.

24 MS. REED: Vice-Chair Richards.

25 MR. RICHARDS: Yes.

1 MS. REED: Mr. Umberg.

2 MR. UMBERG: Aye.

3 MS. REED: Mr. Hartnett.

4 MR. HARTNETT: Yes.

5 MS. REED: Mr. Rossi.

6 MR. ROSSI: Opposed.

7 CHAIRMAN RICHARD: True friends.

8 MS. REED: Chairman Richards.

9 CHAIRMAN RICHARD: Yes. Thank you.

10 We'll continue to do this over the next several
11 months, and certainly appreciate all the support and
12 good work from my colleagues.

13 Next item is the consideration of the Draft
14 California State Rail Plan, and, Mr. Morales, do you
15 want to say something?

16 MR. MORALES: Matt Robinson will make a
17 presentation, and we'll have Bill from Caltrans.
18 Caltrans is responsible for developing the statewide
19 rail plan. We have been participating with them to
20 develop that. What we'll be doing today is just giving
21 the board an overview of the draft plan as it has been
22 released and now will be public comment, review, and
23 finalization and approval by the CDC.

24 CHAIRMAN RICHARD: I think board members
25 have met Matt Robinson, but he joined us just a little

1 bit ago from the department of finance, and he's been
2 doing a superb job representing the Authority for the
3 legislature. So good morning, Matt.

4 MR. ROBINSON: Good morning, Mr. Chairman,
5 members of the Authority. Thank you for having me. I
6 hoped to be the first one to wish you a happy
7 Valentine's Day, but a couple of people got ahead of me.

8 As the Chair pointed out, my name is Matt
9 Robinson. I am the deputy director of legislation for
10 the Authority. Over the last several months, the
11 Authority has worked with Caltrans staff, the Federal
12 Railroad Administration, the Business Transportation and
13 Housing agencies, soon to be the Transportation
14 agencies, as well as our partners throughout the state
15 to develop the initial Draft California State Rail Plan,
16 which was released last Friday for public comment.

17 Specifically, the Authority worked to incorporate
18 the statewide rail modernization program and the
19 high-speed rail project state implementation plan.
20 Which are both outlined in our 2012 plan. The state
21 rail plan as well as the Authority's business plan will
22 serve as a guide for future Federal and State
23 investments in an integrated network of high-speed
24 urban, commuter, and intercity rail throughout the State
25 of California. The plan is a working document and will

1 evolve its plan towards this integration.

2 As Jeff mentioned, Bill Bronte, Caltrain's chief
3 engineer -- I'm sorry. Chief division of rail is here
4 today to provide a brief presentation on the state rail
5 plan, and Caltrain is requesting that the board
6 authorize the Chief Executive Officer Morales to issue a
7 letter of support pending any comments you might have.

8 If you would like to comment on the plan, I ask
9 that you submit a written letter to me by March 31.
10 That is all I have. I will turn to it over to Mr.
11 Bronte.

12 CHAIRMAN RICHARD: Thank you, Mr. Robinson.

13 Mr. Bronte, welcome.

14 MR. BRONTE: Thank you, Mr. Chair.

15 Actually, it's a good thing I'm not an engineer, because
16 it took me three semesters before I passed my first
17 semesters of Calculus. I figured engineering was not a
18 wise decision.

19 As Matt and Mr. Morales noted that I'm here to
20 provide an overview of the state rail plan. As Matt
21 noted, we have been working on this for an extended
22 period of time with your staff, staff and the FRA, and
23 we think we have a very good product moving forward.

24 To provide some background on why we do this and
25 why we have done this, California has got a state rail

1 plan -- we have been doing one for about the last 25
2 years. We do it, the ten year plan, and we update it
3 every two years. Very honestly, it had become kind of a
4 formal plan until 2008 when the Congress passed the
5 Passenger Rail Investment and Improvement Act in October
6 2008. That plan established a funding program and a
7 congressional or Federal partner for high-speed and
8 intercity passenger rail. The \$8 billion of stimulus
9 funding basically was what funded the initial part of
10 the Passenger Rail Investment Act. As part of that,
11 because we're going to become a Federal partner, the
12 Feds wanted to make sure that adequate planning was
13 being done before they gave states any money. So they
14 basically said that to get high-speed intercity
15 passenger rail funding, which was created under the
16 grid, you had to have a comprehensive state rail plan.
17 This is the Federal plan, which was of a twenty-year
18 long range plan. It takes high-speed rail, conventional
19 speed rail, both freight and passenger, and attempts to
20 develop an integrated planning document. The rail plan
21 is going to serve as the basis for the vision for rail
22 in California and will guide Federal and State
23 investments in passenger and freight rail.

24 Basically, what you see up there right now,
25 hoping you can see it, okay, basically, establishes the

1 vision moving forward. California, as a premier
2 customer-focused rail system that successively moves
3 people and products while enhancing economic growth and
4 the quality of life. Here are the -- here are the
5 chapters of the State rail. It's about a 350-page
6 document. We had another 200 pages of very detailed
7 appendixes, and it's a tough read, but it will be very
8 worthwhile as we move forward.

9 The highlights of the plan, just to briefly
10 summarize them, is dramatically more comprehensive than
11 any plan done previously. It supports the goals of the
12 State transportation plan to develop an integrated
13 multimodal transportation system, the railroad being
14 part of that larger transportation system. It
15 recognizes the role rail plays as an alternative to
16 other passenger and freight travel modes and is a relief
17 to highway and air travel congestion. It supports the
18 goals of improving air quality, reducing greenhouse gas
19 emissions, conserving fuel, and contributing to the
20 sustainable land use called for in Senate Bill, SB-75
21 and AB-32 greenhouse gas emission goals. The plan
22 establishes a framework for developing an integrated
23 high-speed, intercity, and commuter rail network as was
24 envisioned in the Authority's 2012 business plan. The
25 plan also recognizes that institutional roles may change

1 resulting from the enactment of legislation that
2 authorizes the creation of Joint Powers authorities to
3 assume management oversight of the Pacific Surf Line in
4 the San Joaquin corridor services.

5 The plan also recognizes the change at the State
6 level with the creation of the transportation agency.
7 Basically -- so there will be more of an opportunity to
8 ensure that there'll be coordinated planning as we move
9 forward. The plan also describes the plan passenger
10 rail system to be in place in 2025 following the initial
11 commencement of operations over the initial high-speed
12 rail segment between Merced and San Fernando Valley but
13 hopefully, will begin in 2022.

14 The plan also highlights additional expansions to
15 intercity and commuter rail routes to integrate with the
16 high-speed rail operations and meet with population
17 growth. The plan also plans for the expansion of
18 commuter and -- or commuter rail services and new
19 commuter and intercity rail services. And one of the
20 key issues that we need to remember is this is the first
21 plan. It's going to be updated on an ongoing basis as
22 we continue to move forward with the development of the
23 State's rail systems.

24 The Authority has had, as noted, a lot of input.
25 The Authority engaged both the northern and southern

1 California working partners group, basically comprised
2 of, in the north, the Capitol Corridor, Altamont
3 Commuter Express, and the Caltrans, would be the
4 intercity rail system. Union Pacific, and Burlington to
5 Santa Fe are the rail partners in that particular area.
6 In southern California, you have Coast and Metrolink
7 primarily but also the related metro area rail in
8 southern California region as well. The plans and
9 modeling scenarios that were used in the plan basically
10 came from the northern and southern California planning
11 groups. The Authority staff was also part of the plan
12 as an advisory committee along with representatives from
13 railroads. The short line railroads, the Capitol
14 Corridor, and San Joaquin Corridor, the Los An corridor,
15 and in the Los An corridor, we had representatives both
16 from the southern group between San Diego and Los
17 Angeles and the northern California part of it, running
18 between Los Angeles all the way up to San Luis Obispo.
19 The coast rail coordinating council, who was attempting
20 to develop service between San Francisco and Los Angeles
21 along the coast route, was part of it as well as the
22 Business Transportation and Housing Agency. Authority
23 staff was extensively engaged in the development of the
24 administrative draft, as Matt noted, was released last
25 Friday.

1 The plan is also, you know, consistent with the
2 Authority's 2012 business plan. It integrates the
3 modeling, it provides consistent funding scenarios, and
4 we will be refining and working continually to develop
5 the plan as we continue to move forward.

6 This should be a very familiar map to all of you.
7 So in that sense, I'm not going to go into it outside
8 of, it does show the unified system, the early
9 investment in the basin in southern California and also
10 with Caltrain. Here is the state supported routes,
11 which I think are probably very familiar to everyone.
12 The San Joaquin Corridor running down the valley, the
13 Capitol Corridor running between -- basically, starting
14 in Oakland and either going to San Francisco -- or down
15 to San Jose or Sacramento. Pacific Surf Line are
16 operating between San Luis Obispo all the way down to
17 San Diego. Then you also have the Amtrak long distance
18 routes, the Southwest Chief, Sunset Limited, and the
19 Pacific -- or the Coast Daylight.

20 Also familiar I think to all of you --

21 CHAIRMAN RICHARD: It's the Cost Starlight.

22 MR. BRONTE: Coast Starlight. Did I say --

23 CHAIRMAN RICHARD: Sometimes it runs and it
24 becomes the Daylight train.

25 MR. BRONTE: Yes. I was working for the

1 department when that started many, many years ago.

2 Anyway, the commuter routes, Altamont Commuter
3 Express, Caltrain on the peninsula, coast and southern
4 San Diego and Metrolink throughout the Los Angeles
5 basin.

6 Here, I think this kind of shows how all the
7 various groups come together. What is to me the most --
8 whoops. Anyway, this is really the exciting part of the
9 plan. You take the commuter routes, you take the
10 existing intercity routes, you take the long distance
11 routes, and all of a sudden, you have a network, and
12 that is one of the things that the state rail plan tries
13 to do as it supports the blended or the 2012 business
14 plan, which attempts to really bring forward this
15 concept of an integrated network.

16 This is one of those situations where, very
17 honestly, the whole is greater than the sum of its
18 parts. We have an existing opportunity here as part of
19 this initial state rail plan to really bring all of
20 those particular entities together, all of those
21 services together and by working jointly, can develop a
22 system that will help initiate and get the high-speed
23 rail system in place, will feed that system, and then
24 we'll continue to serve the system as you continue to
25 develop.

1 In addition to state rail plan is, we also have
2 the development of the service development plans. These
3 are more granular looks at the vision that's in the
4 state rail plan and basically begin putting some meat
5 onto the skeleton; how do you initiate service; how do
6 you meet the high-speed rail system; how do you create
7 new services.

8 As noted, it -- we have the San Joaquin Corridor
9 we're developing and initial service development plan
10 for -- to begin service in 2018. And we'll be working
11 with the Authority to develop a service development plan
12 for 2022 when we're anticipating operating over the
13 initial construction segments. Pacific Surf Line North,
14 Pacific Surf Line South, the Coast Daylight, and a new
15 and developing corridor that we think is going to be
16 very exciting to look forward to in the future is
17 Coachella Valley population growth in the Palm Springs
18 area, and the Capitol Corridor is in the process of
19 developing their own service development plans since
20 they are a separate entity for Caltrans.

21 As Matt noted, the rail plan went public. The
22 administrative draft of the plan went public on February
23 8th. We're now seeking public comment. We'll have open
24 houses. The first one was the night before last here in
25 Sacramento. We have another open house in Oakland

1 tonight, and then next week, we'll be in San Diego, Los
2 Angeles, and Fresno. There'll be a statewide webinar on
3 February 26, and the service development plans will be
4 done in May. And the final state rail plan is
5 projected -- before the end of June.

6 MS. SCHENK: Excuse me.

7 MR. BRONTE: As noted, we'll have ongoing
8 agency -- I apologize.

9 CHAIRMAN RICHARD: That's all right.
10 Vice-Chair Schenck had a question.

11 MS. SCHENK: Is that enough time? Have we
12 gotten any feedback that that may not be enough time for
13 public comment?

14 MR. BRONTE: Given the timelines and
15 constraints we've got with our contracts, we would have
16 liked to have had more time. We feel that because this
17 is really going to be an ongoing and involving document
18 that we'll come out with this version of the state rail
19 plan in June. One of the things that at all is not
20 changed here in California, we are immediately going to
21 be rolling into an update of the state rail plan to meet
22 the state requirements, which requires a draft to be
23 delivered to the CTC in October and a final in March.
24 So we're going to have an opportunity to continue
25 updating both the plan and the service development plans

1 along to be contained within that.

2 MS. SCHENK: Well, even though these things
3 go out, you know, like over the internet, it takes a
4 while. People have busy lives, and they don't focus on
5 this. I want to make sure that people have sufficient
6 opportunity for notice, that the meetings are at a time
7 that the public can participate, that they know about
8 it. It's -- can we go back to the schedule, please.

9 Oakland today.

10 MR. BRONTE: Yes.

11 MS. SCHENK: Right. Just for my own
12 edification, how much notice -- how broad was the
13 notice? San Diego is in a few days.

14 MR. BRONTE: We started --

15 MS. SCHENK: I didn't hear about it, but I
16 have been taken up with other things, but I would think
17 that I would be one of first to hear about it, and I
18 didn't. So I am concerned about the dissemination of
19 this.

20 MR. BRONTE: Yeah. We did work -- had a
21 public outreach entity or firm brought on board to help
22 us with that. We have been -- going back quite a ways,
23 again, we've be working on this for a while -- and we've
24 made every effort we could to get this out. And it's
25 unfortunate that we apparently -- and we have heard from

1 others that they were not aware of it. And this is one
2 of the things that we're going to address as we go
3 forward as part of this rail plan update.

4 MS. SCHENK: And I don't want to beat this,
5 but it's an ongoing concern. You know, we're working
6 very hard to establish credibility with the public,
7 transparency, and one of the first elements of that is
8 adequate notice and appropriate time for people to give
9 real input and not just have a pro formative period
10 here. It sounds like a month is a long time, but it
11 really isn't.

12 MR. BRONTE: No. And we have been working
13 overtime with all the -- all the rail -- all of our rail
14 partners, all of the regional planning agencies, working
15 through our district offices, but as you pointed out,
16 there have been some that apparently we did not do as
17 good a job as we might have been able to.

18 CHAIRMAN RICHARD: Mr. Morales.

19 MR. MORALES: I would just add that we have
20 been working with acting Secretary Kelly, as this report
21 goes through Caltrans and the CTC to address some of the
22 issues and see if there isn't an opportunity to --

23 MS. SCHENK: But, you know, we get the brunt
24 of the negative comments.

25 MR. MORALES: Oh, sure.

1 MS. SCHENK: So people don't understand the
2 division of labor, and we're the ones that are out there
3 that get the negative feedback.

4 MR. MORALES: Absolutely. And what we have
5 been working on is to really, to get to your point of
6 whether there could be additional time allowed to maybe
7 have the draft out there for public consideration taken
8 into account all of the things that have happened over
9 the last year.

10 MS. SCHENK: Yeah.

11 MR. Morales: So it something that we're
12 continuing to work on to see, ensure that adequate
13 time --

14 MS. SCHENK: I'd appreciate that. Thank
15 you.

16 CHAIRMAN RICHARD: Since we have stopped you
17 at this point, I was going to ask Mr. Bronte if you
18 could give us a little insight into the kind of comments
19 you got from Sacramento.

20 MR. BRONTE: We had, we felt, a very good
21 open house. It was held over at the railroad museum.
22 We had representatives of the Altamont Commuter Express
23 coming up to join with us, the San Joaquin regional
24 government's group. We had the Chair of the Capitol
25 Corridor, City Councilman Coleman. We had Mr. Riley,

1 that would be the executive director of Sacramento RT,
2 and we had probably about 150 or so members of the
3 general public there, both from planning agencies and
4 those who plan rail in general. So, you know, we're
5 looking forward to what, we think, will be a good
6 turnout at all of the various venues.

7 CHAIRMAN RICHARD: Great.

8 MR. BRONTE: These are, again, the group we
9 have been meeting with, we've been meeting with them
10 through March including the State and regional planning
11 agencies, the rail corridors agencies. The freights
12 have been very actively involved, passenger rail
13 operators, public and -- along with the -- we have done
14 quite a bit of media outreach as best we can, over the
15 web and, again, through our various partners to get
16 these -- to make people aware of what's going on.

17 And that concludes it, and I would like to take a
18 second, because normally, I tend not, to recognize the
19 efforts of your staff, Matt Robinson, Lupita Huckabee,
20 Mr. Albright, helping us get through this entire very
21 involved process. We process hundreds of comments both
22 through local agencies as well as the ones that you guys
23 brought forward, and I think their efforts need to be
24 recognized as well.

25 CHAIRMAN RICHARD: Thank you very much.

1 Questions. Questions from members of the board.

2 Mr. Hartnett.

3 MR. HARTNETT: Thank you, Mr. Chair. Some
4 comments more than questions. This is the first state
5 railroad plan I've ever read, so I don't have anything
6 to compare it to. But a number of things strike me.

7 First, I'd like to second Member Schenk's
8 comments. I think this kind of document, to elevate it
9 to a status beyond pro forma is -- it takes adequate
10 time to be circulating among professionals and directly
11 affected stakeholders involved as well as the broader
12 community and business interest because it is such an
13 important document, and if it's to be treated more than
14 just a pro forma one, it needs a buy-in from people, and
15 they don't get that if they don't see it and feel like
16 they're part of the process.

17 Secondly, I'm pleased that when we were
18 developing the revised business plan, you, Mr. Chair,
19 championed the high-speed rail system as being a key
20 part of the statewide rail system, and when you were
21 discussing that and we're all talking about it, you
22 weren't discussing it in the context of, "Well, there's
23 an upcoming state rail plan document, and we have to
24 make sure we comply with it." You were talking about
25 something real and important for the entire state and

1 how high-speed rail fits in with the overall state rail
2 plan. And I, to me, high-speed rail is such an
3 important part now of the rail fabric of our state that
4 the timing of this plan is really important, not just
5 because we have to meet Federal requirements. I think
6 it's great that the federal requirements are out there
7 and we do fit those and that we are a national project
8 and we are a state project with tremendous focus. And
9 so I think that this is a really important document.

10 To often, in the many other hats that we wear, we
11 see plans that gather so much dust and, you know, it's
12 "why bother reading them?" And I think that this is a
13 different one. This is important, and I'm pleased with
14 the treatment of high-speed rail in it. I'm pleased
15 that the staff has actively participated in the
16 preparation of this as it relates to high-speed rail and
17 the elements, and when people have -- or board members
18 have questions satisfied or comments they'd like to
19 make, I'd like to move that we authorize the CEO to
20 issue a letter that's requested in support of it,
21 provided that he find performance with our revisionment of
22 the plan.

23 MS. SCHENK: Second

24 CHAIRMAN RICHARD: Okay. First of all,
25 that's very well said. I suspect that all of the

1 colleagues want to associate themselves with those
2 remarks, and Mr. Hartnett has moved that we authorize
3 the CEO to issue a letter of support of the statewide
4 rail plan provided that he finds that it is consistent
5 with our revised 2012 business plan, and it was seconded
6 by Vice-Chair Schenk.

7 MS. SCHENK: Are we finished?

8 CHAIRMAN RICHARD: Are you --

9 MR. BRONTE: Yes, I was done.

10 CHAIRMAN RICHARD: Other comments that
11 people would like to make?

12 Mr. Morales.

13 MR. MORALES: Just a few points,
14 Mr. Chairman, in response to Mr. Hartnett's questions
15 and in looking at the comments, areas where we will
16 continue to focus on and why this plan is important,
17 one, I think it really does reflect a fundamental change
18 in how the State is looking at rail as far as
19 transportation system. Very importantly, this plan
20 needs to advance the issue of how to prioritize and
21 coordinate investments services going forward is a real
22 change to the State. We should not gloss over the fact
23 that having a plan, approved plan, is a fundamental
24 requirement to be eligible for Federal funding. So
25 there has to be plan in place, but I think it's even

1 more beyond that. The better the plan, the better
2 position we will be in as a state to receive Federal
3 funding and also to help the State determine how they
4 might choose to use these with State funding in the
5 future as well. So we take this very seriously, and
6 we'll be looking at the plan in those respects and
7 others. We'll prepare comments.

8 CHAIRMAN RICHARD: Okay. I would just make
9 the following remarks: I started on it last night, read
10 some of the key chapters, and have not finished it yet,
11 but I am certainly impressed by the scope and the
12 comprehensive nature of it, but I think, going back to
13 what -- Mr. Bronte, you said something about some of the
14 significant issues. One is this really shows the, I
15 think, wisdom of the Governor's reorganization plan for
16 transportation because the Caltrans division of rail,
17 historically, has been there to oversee the operation of
18 some of the Amtrak passenger lines here in California.
19 And for those who don't know, in California, we have
20 three of the five highest ridership levels among Amtrak
21 national rail service. So even though our state is
22 well-known for its car culture, the fact of the matter
23 is that Californians are really embracing rail travel,
24 and the growth rate on that is extraordinary. So the
25 Governor's reorganization plan will put Caltrans as well

1 as the California High-Speed Rail Authority into a
2 single transportation agency, and we'll be able to work
3 more closely together to coordinate.

4 Second, I appreciate Mr. Hartnett's comments
5 about the integrated rail plan, but it's really an
6 expression of all of the working members of this board.
7 Your work on the peninsula with the blended approach and
8 the things that this board has been trying to do to show
9 the importance of high-speed rail to California's
10 future. So we now are seeing, I think, the real
11 implementation of this vision, and the fact that
12 Caltrans has this statewide rail plan that it dovetails
13 and meshes with our 2012 business plan, we're seeing the
14 transportation agencies that are responsible for rail in
15 the state coming together and working together, and
16 that's going to benefit all Californians.

17 So, Mr. Bronte, I want to thank you for your
18 presentation this morning, and we look forward to
19 working closely with you, your staff, and with all of
20 the operators of rail systems in California to achieve
21 this vision.

22 MR. BRONTE: Thank you, Mr. Chairman. Thank
23 you, members.

24 CHAIRMAN RICHARD: Okay. Before we move to
25 our next item, just a housekeeping measure. Oh, before

1 we move to our next item, we have to vote on the last
2 item. Why don't I stop to take a drink of water at this
3 point.

4 We will ask the secretary to call the roll on the
5 motion that was put forward by Mr. Hartnett and seconded
6 by Vice-Chair Schenk.

7 MS. REED: Vice-Chair Schenk.

8 MS. SCHENK: Yes.

9 MS. REED: Vice-Chair Richards.

10 MR. RICHARDS: Yes.

11 MS REED: Mr. Umberg.

12 MR. UMBERG: Aye.

13 MS. REED: Mr. Hartnett.

14 MR. HARTNETT: Yes.

15 MS. REED: Mr. Rossi.

16 MR. ROSSI: Yes.

17 MS REED: Chairman Richard.

18 CHAIRMAN RICHARD: Yes.

19 The housekeeping measure, we have some people
20 assuming that they had arrived early for our normal
21 10:00 o'clock start, who wanted to speak to us today.
22 We started at 9:00. What I'm going to do is we're going
23 to entertain those speakers, but at the end of the
24 regular agenda, because we don't have an action item
25 next. So I don't think anybody's prejudiced by speaking

1 at that point. So we'll do that.

2 We'll move on now to Item Number 4 on the agenda,
3 which is the Memorandum Of Understanding between the
4 Authority and the Peninsula Corridor Joint Powers Board,
5 and good morning, Ben Tripousis.

6 MR. TRIPOUSIS: Good morning, Mr. Chair.
7 Thank you. Ben Tripousis, northern regional director.
8 As you are aware, the peninsula corridor Joint Powers
9 Board and the Authority staff have been working together
10 to negotiate an updated Memorandum Of Understanding to
11 replace the existing agreements with the JPB, namely,
12 the 2004 Memorandum Of Understanding and the 2009
13 agreement and amendment.

14 As I presented in December of last year, the
15 updated agreement is necessary to reflect current policy
16 defined in the revised business plan, the 2012
17 nine-party MOU led by the Metropolitan Transportation
18 Commission and the high-speed rail early investment
19 strategy for a blended system in the peninsula corridor.
20 Through the leadership of our own lead counsel, Tom
21 Fellenz, the Joint Powers Board lead counsel, David
22 Millers, project chief, Maryanne Lee, Caltrain's
23 government affairs director, Shamus Murphy, we crafted a
24 revised document that we believe meets the goals that we
25 set out to achieve last year.

1 The updated agreement defines a new partnership
2 for planning environmental review, design, and
3 construction of the blended system. The elements
4 described in the updated agreement include a commitment
5 to respect the interests of the communities through
6 which the blended system will be constructed. The MOU
7 clearly identifies the two principle early investment
8 projects, the corridor electrification, full
9 electrification, and the construction of an advanced
10 signal system. The agreement terminates, importantly,
11 the 2004 MOU and the 2009 agreement and initiates
12 project plans focused exclusively on the blended system.
13 The agreement directs the blended system -- that the
14 blended system must be designed, constructed, and
15 operated in a manner consistent with Joint Powers Board
16 and High-Speed Rail Authority operational requirements
17 and with consideration of the interests of the city
18 served by the Caltrain system.

19 The agreement also includes a recognition that it
20 will be necessary for the parties to negotiate one or
21 more agreements at a future date to facilitate the
22 construction and shared use of the peninsula rail
23 corridor by the Authority in order to fully implement
24 and operate the blended system. The revised MOU directs
25 the JPB and the Authority to establish an organizational

1 framework that will incorporate procedures for the
2 approval by both parties of the early investment
3 projects and the blended system design.

4 Staff has sought and received input from the
5 peninsula corridor, including the City/County partners,
6 the Caltrain local policy maker group, the nine-party
7 MOU signatories, and other stakeholders and community
8 members regarding the update of the MOU. It's important
9 to note that the Peninsula Joint Powers Board received
10 an informational report at their board member last week
11 on February 7th and received no significant additional
12 comments.

13 Finally, both Authority and Joint Powers Board
14 staff are planning to request approval of the MOU at our
15 respective board meetings on March 7th of this year.

16 That's my report. I'm happy to answer any
17 questions.

18 CHAIRMAN RICHARD: All right. Mr. Hartnett.

19 MR. HARTNETT: Thank you, Mr. Chair. I do
20 have a bit of history with the MOUs, and to be perfectly
21 honest, I cannot remember if in 2004 I was involved in
22 the initial MOU, but I do recall being involved in the
23 2009 revised MOU, because I was on the Caltrain board at
24 the time. And the current proposed revised MOU is, in
25 my mind, importantly needed because it reflects the

1 revised business plan, which, obviously, we didn't have
2 in 2009 and reflects, I think in a very consistent way,
3 our goal at the High-Speed Rail Board for implementing
4 in a reasonable, rational way the blended system for
5 high-speed rail. And I think it's a good template for,
6 perhaps, use in other circumstances for us. I think
7 it's a remarkable document in the sense that it really
8 brings together what we developed in the revised
9 business plan with the community interest, and it shows
10 how you can work together with the community and
11 communities to accomplish something that makes sense for
12 everybody. And I think that's what this revised MOU
13 does, and so I'm really pleased with it from a
14 high-speed rail perspective.

15 In 2009, I had my Caltrain's board perspective,
16 and I thought it was a reasonable document at the time,
17 but with my high-speed rail hat, I really like this MOU
18 from a high-speed rail perspective. I think it
19 accomplishes what we need as a system.

20 CHAIRMAN RICHARD: Thank you, Mr. Hartnett,
21 and thanks for your work in this. You have been an
22 important voice on this board representing an area that
23 we're going to be working with very closely.

24 Other comments?

25 MR. MORALES: I would just add that I think

1 one of the other significant things about this MOU is
2 that it really reflects a true partnership between us
3 and the JPB. It's not just that we'll be in each
4 other's neighborhood. This is a true joint effort going
5 forward, and that's an important change that needs to be
6 reflected in the MOUs. So it's an important step
7 forward.

8 CHAIRMAN RICHARD: And I would just add that
9 I think, given some of the more controversial aspects of
10 our plans on the peninsula, I think it's very
11 appropriate that this MOU gives a lead role to Caltrain
12 in working on a lot of the community impacted areas, and
13 so as my colleague, Mr. Hartnett, said, it's evidence of
14 a partnership there and implements our plans very well.

15 So next steps on this would be that this would
16 come back for formal consideration and adoption by this
17 board in May?

18 MR. TRIPOUSIS: March.

19 CHAIRMAN RICHARD: Okay. All right. Very
20 good. Thank you, Mr. Tripousis.

21 Next, we'll have -- excuse me -- a very important
22 briefing by John Tapping, our chief risk officer on the
23 high-speed rail safety system.

24 MR. TAPPING: Good morning, Mr. Chairman,
25 board members. It's a pleasure to be before you again.

1 I look forward to this presentation. I am risk manager
2 for the California High-Speed Rail Authority, and one of
3 the things I recognized when I came on was actually a
4 robust safety system of policies and procedures in place
5 at the Authority, and as I have gotten more involved in
6 system safety, right away, I recognized that I think we
7 need to have a one-point contact in the Authority for
8 safety, and it fit well into the risk management arm.
9 So I am also the one-point contact for system safety
10 with the Authority, but I was very impressed with the
11 robust program that we currently have in place.

12 There's a lot of innovative things we're doing
13 with hazard risk analysis that I think is meeting -- we
14 have other stuff and also it's been in place some time.
15 There's -- one of the important elements I'll try to
16 discuss briefly is incorporating prevention through
17 design. So you need to identify your risks and hazards
18 early and look at the mitigation options and incorporate
19 them as you move forward in the design, and, of course,
20 we're doing that right now.

21 First off, there are system safety
22 considerations, four major categories here. The FRA
23 requires that the Authority certify the safety of the
24 system prior to revenue operation, and achieving FRA
25 approval requires, basically, compliance with these four

1 measures.

2 Now, system safety considers all the critical
3 elements of the system, tying them all together with all
4 of the interfaces so they are all interrelated, which is
5 why it needs to be a comprehensive, holistic approach.
6 You can't separate construction from design from
7 operations from maintenance because they all feed each
8 other, and you have to design a system that, that meets
9 all these safety requirements as you move forward. So
10 that includes the rolling stops, the infrastructure,
11 such as the overhead contact system, the stations
12 provided at the tunnels, the operating procedures with
13 the employees, the interfaces with the surrounding
14 communities and such. So, so the Authority has -- in
15 accordance with FRA requirements and the certification
16 process, which is a very heavy document to the
17 validation and verification process -- all of these
18 measures are in place.

19 First one, safety and security policy statement.
20 I know that's too small for you to read probably, but it
21 was attached to your handouts, and basically, the policy
22 statement clearly identifies the accountability and
23 delegation for safety and security, and coming on, this
24 was prepared under my direction fairly recently, and it
25 was one of the first policy statements approved by the

1 Authority as we go forward. So basically it establishes
2 the safety and security of employees, contractors,
3 passengers, and the general public as primary
4 considerations for all who are associated with
5 California High-Speed Rail system. So it sets forth the
6 guiding policies and procedures place as we move
7 forward.

8 Moving on, quite simply, it is somewhat like the
9 risk management program -- excuse me -- hazardous risk
10 management program. It's a risk management program
11 where you identify the risk, you do the analysis, you
12 provide safety mitigations, and at some point, there's
13 an acceptable residual risk that the Authority is
14 willing to entertain. And the risk hazardous management
15 process is mandated by progress -- excuse me -- Congress
16 for passenger rail programs in the Safety Improvement
17 Act of 2008. And so, again, from what I have seen, the
18 technical aspects we're undertaking is really taking
19 practice as we're moving forward. Basically, then the
20 risk based hazardous has a system where you prioritize
21 the resources as the mitigations to the hazards and have
22 the highest level of risk associated, probability and
23 impact analysis and for any potential unsafe condition,
24 and it is a common -- the common safety method that is
25 internationally and -- accepted through the railways

1 including high-speed rails found in European nations.

2 There is some level of intricacy about
3 delegation. For example, we certify -- certification of
4 safety elements in the final design will be the
5 responsibility of the design builder. However, we'll
6 have checks and balances in place through our PCM
7 contract, other contracts, and Authority oversight under
8 my direction to provide the necessary checks and
9 balances, but there is a level of delegation of safety
10 issues as to our various contracts.

11 I mentioned before prevention through design,
12 which includes a hierarchy of application of controls,
13 avoidance, implementation, substitution, engineer and
14 controls, warning, administrative controls, all of these
15 things are assessed during the process that's outlined
16 here on this slide.

17 Another important element is the fire and
18 safety -- fire and life safety program and when I came
19 on, this was a robust work in process. There's been
20 initial outreach to emergency response in Madera,
21 Fresno, Kings, and Tulare County. Monthly meetings with
22 the Office of State Fire Marshal are undertaken, and I
23 attend all of those meeting, and the key points is that
24 from coming out of this analysis or these meetings is
25 the high-speed rail train way, the sealed corridor,

1 which is an FRA requirement with restricted access to
2 the entire lane, access egress points for emergency
3 respondents are located every two and a miles along the
4 right-of-way, trenches and stairway access every 2,500
5 foot intervals. So this is really a partnership with
6 all of our locals and State Fire Marshal, a process
7 that's ongoing. It's working very well. We're in
8 routine meetings that we set up and very pleased with
9 the way that's progressing.

10 Let's talk a little bit about construction
11 safety. I mentioned before the passthrough of design
12 builders project management plan is -- part of it is the
13 safety and security plan for the program and so he's to
14 submit that to the Authority, and we will accept that or
15 work towards acceptance of that. So there is some
16 delegation, but the design builder is actually
17 responsible for work safety, but there are some
18 regulations and such, and so we provided a verification
19 validation as we go through.

20 MS. SCHENK: Would you just add a little
21 more color to that so I can understand how this even has
22 the, the construction safety manager and will that
23 person then have a team for, for jobs or how is that
24 going to work?

25 MR. TAPPING: Yeah. In our qualification

1 for design builder and it's part of the contract,
2 they're required to have a site-specific safety and
3 security plan, and part of that plan is a designated
4 authority by the design builder to take responsibility
5 for all safety, and then the safety and security plan is
6 submitted to the Authority through the PCM oversight
7 contractor, and we will provide the necessary review of
8 that document but we also will provide -- like we would
9 with quality control or any other contract provision in
10 a design build contract -- local validation verification
11 of those safety measures.

12 MS. SCHENK: Yeah. I understand what's
13 going into the paper. I'm trying to understand the
14 practicality of how it's going to be done. Will there
15 be designated people at each job site? I mean, we're
16 ultimately responsible as you know. So who do we
17 ultimately turn to, to for verification. I mean, all of
18 the plans are great, and we need them, and they have it,
19 but who's implementing them?

20 MR. TAPPING: The design builder will have
21 an essential person responsible for safety. The PCM,
22 which is an agent of the Authority, a separate contract,
23 which does the oversight, will have a specific person
24 for safety, and they will interact, and then the PMT
25 also has safety expertise that will be woven into that

1 process, but at the very top, I am the safety officer.
2 And so I will receive --

3 MS. SCHENK: I want to know who is at the
4 very bottom, feet on the ground.

5 MR. MORALES: Just to clarify, so the design
6 builder, once brought on board, will be required to put
7 together this plan which will identify who will be on
8 the ground --

9 MS. SCHENK: Okay.

10 MR. MORALES: -- by title, by
11 responsibility, specific people designated to be
12 responsible for implementing, overseeing the safety of
13 their workers. The primary responsibility on the ground
14 is theirs to do it. Our role, then is to ensure that
15 they comply with the plan that they have put forward.
16 It's also important to know, they will not be given
17 notice to proceed to start work until and unless we have
18 approved that plan. So it's not just that they have put
19 a plan together. We actually look at it, review it, and
20 have to approve it before they can put it in place, and
21 then we will ensure that through our construction
22 manager, and then, ultimately, people working for John,
23 that, in fact, they are complying with their own plan on
24 the ground.

25 MS. SCHENK: And we will have an

1 opportunity, as a board -- I mean, we're not going to be
2 the ones that do it, but just to understand their plan
3 and how they intend to ensure as much as possible the
4 risk management --

5 MR. MORALES: Certainly, we can. There will
6 be -- there are a number of plans that they have to
7 submit to us for approval before they proceed. We can
8 certainly share that with the board and allow whatever
9 opportunity you would like to question it, look at it,
10 talk to --

11 MS. SCHENK: I was going say, I abide by the
12 philosophy, "Just because I'm paranoid doesn't mean that
13 they're not after me," and risk management is so
14 essential and getting it right at the get-go is very
15 important, and I, for one, would like to know more about
16 it, if others and my colleagues would attend a workshop
17 on it or something, but I want to know that we have
18 people who are executing the responsibility that we
19 ultimately bear. Thank you.

20 MR. TAPPING: I also might add that the
21 Authority, as the owner, does have the authority under
22 all of these contracts, if it does see a potentially
23 unsafe situation, to step in and direct as appropriate.
24 So we still have those contractual responsibilities,
25 which is good.

1 MR. MORALES: Just to give a sense, Ms.
2 Schenk, of the level of detail that's already being
3 applied, John mentioned that we have interacted with,
4 say, for instance, the Madera Fire Department. We have
5 gone through with them, plans, looking at places where
6 we have elevated structures, what the height of the
7 elevated structures are, and whether they have equipment
8 that can reach those heights, things like that. So it
9 is a very detailed examination to ensure that not just
10 during the construction but then ultimately the
11 operation of the system and safety will be ensured to
12 the greatest.

13 MR. Tapping: Okay. Just in summary, I
14 wanted to summarize the four points that are included in
15 our safety program. A policy statement that we have
16 fully executed, we're well underway with our hazard
17 management program, which is in accordance of FRA
18 guidelines and how we establish prevention through
19 design. And we're well underway with our coordination
20 with all the local, State fire and life people. And
21 lastly, we have a strong contract provisions that are
22 passed on to our design builder and also to our
23 construction manager to ensure safety as we go into
24 construction later this year. So that concludes my
25 presentation.

1 CHAIRMAN RICHARD: Other questions or
2 comments from board members? I have a few, but I'll
3 reserve them.

4 All right. Let me just raise a couple of issues.
5 First of all, I appreciate the briefing, and I think
6 it's very important that we have a single officer who
7 has these responsibilities lodged in his purview. So
8 that's very good. So I guess I just want to raise our
9 eyes and look down the road a little bit to the future
10 because it's important to establish a safety culture as
11 we move forward, and so the two questions that come to
12 mind -- I don't think you have the answers for them
13 today -- but the first is, as was pointed out by one of
14 our speakers this morning, there are particular safety
15 challenges associated with the operation of blended
16 service, because, by definition, if we're not talking
17 about areas that have dedicated right-of-ways, for
18 example, and we know that there are some specific
19 engineering challenges for traffic separation and so
20 forth, but at some point in future, I'd want to have a
21 briefing or get an understanding of the specific steps
22 that we would be taking working with Caltrain or
23 Metrolink in shared corridors where we're not talking
24 about fully discrete high speed-rail, because I think it
25 brings a much higher level of the kind of things that we

1 need to have, and we need to think about that. So,
2 again, we're not at the point of those operations.

3 Similarly, when we get to those operations, it's
4 not too early to start thinking about it now, our
5 business plan lays out a business model where we build
6 public infrastructure with public dollars, but we,
7 essentially, offer license and concession to a private
8 operator coming in and operating on our facility, and
9 similar to our oversight of the design build contractor,
10 there will need to be some understanding of, even though
11 we're turning over that operation to the product
12 operator, as Ms. Schenk just pointed out, we're the ones
13 who are ultimately going to be responsible. And so I
14 think as we move forward, we're going to want to
15 understand what the interactions are between the
16 business model that we have described, one of licensing
17 operations to other, and our public responsibilities to
18 ensure that the public is always protected in that, and,
19 again, I don't think it's too early to start thinking
20 about that down the road.

21 Finally, the last point is somewhat painful, but,
22 you know, I spent a number of years as an executive at
23 Pacific Gas and Electric Company, and five years after I
24 left, they had a tragic circumstance in which their gas
25 pipeline blew in San Bruno. Eight people were killed,

1 39 homes were destroyed, and many people were injured,
2 and the thing that was remarkable about it was that in
3 my time there in the corporate setting, we always prided
4 ourself as having a safety culture. Safety culture
5 involved always making sure that our crews were out
6 there with hardhats and setting aside safety zones,
7 always making sure we started every meeting with safety
8 briefings so that if there were an earthquake, people
9 would know how to evacuate the building, but it was all
10 personal safety. And I spent a lot of time reading
11 analyses and independent critiques that were done
12 afterwards, and I came to realize that there was a
13 difference between personal safety and a lot of the
14 things that we're talking about here are things that our
15 workers were taken care of, that our passengers are, but
16 there was a broader, more systemic safety question that
17 PG&E clearly missed; how did financing and business
18 decisions impact the overall safety of the system on a
19 strategic level? And we were sort of blinded by the
20 fact that we congratulated ourselves on all of the
21 personal safety stuff we were doing, and the
22 organization missed the much more fundamental safety
23 question.

24 So I guess what I would say is -- I'd actually
25 comment to you to read some of the independent analysis

1 both by the MTSD and a group that was chartered by the
2 Public Utilities Commission in reviewing that accident.
3 The person who headed that had been a board member of
4 Delta Airlines, and this was a big issue that they had
5 faced in the airline industry, again, personal safety
6 versus more systemic safety issues, and as we create our
7 own safety culture here, Mr. Tapping, I'd really like to
8 make sure that we don't fall into that trap, that we
9 make sure that we're really thinking about this in the
10 broadest possible way, and I think that there's some
11 tragic examples out there that we can learn from. And
12 I'm not suggesting, sir, that you haven't thought about
13 this, but I just want to raise this issue to our level
14 and the board, because we learned the hard way that
15 there's a real distinction between those two.

16 Mr. Rossi.

17 MR. ROSSI: Cultural issues are driven by
18 all types of factors throughout the process. There is
19 no difference between systemic safety issues and
20 personal. We have not defined it that way. We have to
21 be very clear that safety issues are all systemic, and
22 they are about everyone and every community we touch,
23 but I think this board needs to be very careful here
24 about doing more managements work and less of the
25 board's work, which is an oversight. So, I mean, if

1 board members want to have deep dives in management
2 here, we need to do that separate from this meeting,
3 because we don't want to be managing business that's
4 personal, and I think we want to be very careful about
5 the culture of oversight, because as you become so
6 enamored that you can't oversee yourself, so we need to
7 be very careful about that, and I just mention that.

8 MS. SCHENK: That's why I suggested a
9 workshop separate from here.

10 CHAIRMAN RICHARD: Right. And I agree with
11 that. You know, we, I think all of us, are committed to
12 a level of board governance that recognizes that
13 decision that you just talked about, and we have an
14 extremely capable CEO, and he has built an extremely
15 capable staff, But I was only trying to share that one
16 experience to just say that as we approach our
17 governance task, I think I just wanted to suggest that
18 our frame of reference be broader but, but I did not
19 want to -- you're wise to keep us back from actually
20 doing this work. We have competent people who are in
21 charge of that.

22 MS. SCHENK: I would say that I'm sure the
23 PG&E board wished that they had --

24 CHAIRMAN RICHARD: They needed to --

25 MS. SCHENK: -- take a look at --

1 CHAIRMAN RICHARD: -- what they did.

2 Mr. Hartnett.

3 MR. HARTNETT: Thank you, Mr. Chairman. I
4 think of all the comments raised, there are two issues.
5 One is the issue of the board role as it relates to the
6 policy, and secondly, the board role as it relates to
7 oversight. And I think it's important that we don't
8 miss the policy issues so that, you know, the management
9 knows the framework within its operating. And the
10 oversight issue is one in which we're not down there but
11 we have certain reporting protocols by which we're able
12 to learn and hold accountable those people who work for
13 us. And so I know we have talked about that for other
14 subject areas, and I think it's important as, as
15 high-speed rail moves forward that we be sensitive to
16 what it is we want to hear from our CEO at our meetings
17 and that will inform us on things over which we feel
18 that we should have some continuing oversight so that we
19 can address issues in advance of issues becoming
20 problems and so that -- and so if there are problems,
21 they are brought to our attention so that we can deal
22 with them to the extent that we can. So -- but I think
23 over time, as this whole organization matures in the
24 work that it's doing or evolves in the work that it's
25 doing, we need to make sure that we have the protocols

1 of -- that are necessary.

2 CHAIRMAN RICHARD: Thank you.

3 MR. TAPPING: If I might add one more thing.
4 One of the policies that I did put in place was a
5 monthly meeting with a task group of the State and then
6 there's an executive level committee, which Jeff is on
7 and Tom Fellenz and others, when there's a significant
8 safety policy, securing safety type of decision to be
9 made, and so I think there's a process in place for the
10 Authority to, to elevate critical issues. So that may
11 help in the, the information management.

12 CHAIRMAN RICHARD: Well, I think this will
13 be a continuing and evolving subject, and we will find
14 the right balance that Mr. Rossi and Mr. Hartnett talked
15 about, and I know that everybody on the board is very
16 serious about this issue.

17 Mr. Morales.

18 MR. MORALES: Yeah, just in terms of us
19 executing our responsibilities and as part of building a
20 team, one of the reasons I was so pleased to be able to
21 bring Brad on board is his experience in Amtrak,
22 particularly, overseeing the northeast corridor, where
23 there are literally dozens of different operators
24 running over shared track, intercity, freight, regional.
25 So that hands-on experience in dealing with the issues

1 that you referred to or how you manage blended operation
2 are being brought to bigger as we -- not only as we look
3 at the operation but in terms of how we move forward
4 with the design and planning of the system. So we are
5 building a team with these issues in mind.

6 CHAIRMAN RICHARD: Okay. That's good.
7 Mr. Tapping, once again, we're very pleased that you
8 have joined us from Caltrans and that you're performing
9 these functions --

10 MR. TAPPING: Having a blast.

11 CHAIRMAN RICHARD: -- risk management.

12 Okay. That is our last item. We will pick up on
13 the public comments for people who came in late. Before
14 we -- well, why don't we do that now. Okay. So I have
15 a few slips. Dan Dolan followed by Paul Guerrero.

16 MR. Dolan: My remarks are for Mr. CEO
17 Morales for the most part and also Tom Fellenz and
18 Patricia Jones. I'm Dan Dolan. I'm an advisor and
19 spokesperson for the Stewart Title in Houston. I gave
20 you this document today that's helpful for the purpose
21 of supporting the letter I gave to the board on May 4th,
22 2012, where I talked about a 450 foot wide congressional
23 trans corridor that was used for the transcontinental
24 railroad that was effective on July 1, 1862, and you can
25 imagine they didn't have phones or fax machines, as

1 here, in 1862. So the president of Pacific Railroad got
2 notice of the Pacific Railroad Act months later, and as
3 a result of that, he created a general assignment of all
4 of their rights for 400,000 acres between San Francisco
5 and Sacramento to assign a strong man named Tim Page.
6 Time Page was assigned to Western Pacific.

7 Why this is useful to you is it's an example of
8 creating a shell company and the Authority might want to
9 do something similar. In my days as a project manager
10 of acquisitions for Federal Louis Corporation in Denver,
11 I handled and coordinated with due diligence on over \$1
12 billion worth of oil and gas property and acquisition,
13 and when we took title of property, just like when the
14 Authority is going to take title to property and land
15 for improvements, we put the property in something that
16 we called the Partnership Property Inc., and that was
17 composed of three attorneys in fact. And I'm proposing
18 and suggesting that you, the Authority, might want to
19 create something, let's call it California High-Speed
20 Partnership, and you can have CEO Morales, Tom Fellenz,
21 and Patricia Jones to act as attorneys in fact, and you
22 can change those attorneys in fact over time after you
23 appoint them, and that way, when you take title to these
24 1,100 parcels of land, it can flow into your shell
25 company. Then when you're done with it, you can deed it

1 to whoever you want, to the Authority or whoever, but
2 that might help you for lots of reasons.

3 And another thing was when Central Pacific
4 Railroad deeded all the property to their shell company,
5 Western Pacific, they eventually wound up in the affairs
6 of Western Pacific in 1870 and had a merger and
7 consolidation in 1872. But you can do something similar
8 and wind down that acquiring partnership if you wanted
9 to. But what they did that was very helpful was -- in
10 the United States of America Patent Number Four
11 effective April 9, 1870, which ran from the US to
12 Central Pacific Railroad of the lands that they were
13 promised to be patented, they had an agent named Charles
14 McLoughlin who built the train's first continental
15 railroad from Sacramento to San Francisco, and he had
16 identified public lands that railroad needed for their
17 route. And so he had a list that was effective as of
18 February 1, 1870 and resided in this patent is the fact
19 that he then gave that list to the secretary of the US
20 Department of the Interior who gave an official
21 statement saying the dividing line between public lands
22 and the State of California lands. So the United States
23 needed a patent to enforce those lands on this list, and
24 so that's what they did.

25 And so what I'm suggesting is in the four or five

1 counties for this initial construction segment that --
2 pick some future date, let's say July 1st, 2013 and say
3 the land titles -- or whatever it is -- however, they
4 may appear as of that date, that's kind of going to be
5 our effective day -- might say all of our transfers into
6 this holding partnership company. So it will make
7 things simpler when these deeds all trickle in over
8 months and years that you kind of have a reckoning date,
9 and that's what they did on the first transcontinental
10 railroad.

11 CHAIRMAN RICHARD: Thank you very much,
12 Mr. Dolan. Appreciate that. That' an interesting
13 perspective.

14 Paul Guerrero followed by -- Ms. LaCome, I think
15 you filled this out as a generic card, but I'm pretty
16 sure it's you.

17 MR. GUERRERO: Before I start, I want to
18 thank the board for the opportunity. We came in -- as
19 you said, we thought it was at 10:00.

20 CHAIRMAN RICHARD: Creatures of habit. I
21 understand

22 MR. GUERRERO: California High-Speed Rail's
23 transparency has gotten a little fogged up. The word on
24 the street is that this particular contract, the
25 contract for the disparity study is being led by the

1 good old boys in the back room, and I hope it's not
2 true. This contract calls for a hundred percent small
3 business utilization. The total contract price, this is
4 from -- is to be achieved through the utilization of
5 firms in any combination and at all level who are
6 certified as small businesses. And one of the questions
7 that was asked today, use other than small business
8 contract on their team, and the answer was, "You can use
9 as many small businesses as you want on your team, but
10 they all got to be small business." This is set aside
11 for small business. That's the way it was started out.

12 G-CAP, the apparent low bidder, is a certified
13 small business. However, its major sub-consultant, who
14 will do most of the work on the contract, BBC is not.
15 In the past, BBC has performed a lot of disparity
16 studies and G-CAP has been its sub and done some of the
17 filing, but because this contract called for a small
18 business, G-CAP was set out as the token small business.
19 G-CAP has never performed a disparities study, and an
20 addendum came out of the contract allowed the prime to
21 use its subcontractor's experience as its own to meet
22 the requisite requirement that the prime had performed
23 by the disparity study.

24 We're asking for two things; first, that the
25 board has an investigation conducted of the process by

1 which this contract was done. Most of the -- came
2 before these small business, and second that the
3 Authority keep its commitment that businesses will not
4 be paid for work performed that did not meet the small
5 business goal. On this contract, the goal is a hundred
6 percent. If only 50 percent of the work is performed by
7 small businesses, then pursuant to your regulations, we
8 have heard many times up here, the other 50 percent
9 should not be paid. Thank you.

10 CHAIRMAN RICHARD: Thank you, Mr. Guerrero.
11 Ms. LaCome.

12 MS. LACOME: Thank you and happy Valentine's
13 Day. Thank you for giving us the opportunity to still
14 speak to you today.

15 I'm going to address two different issues here.
16 One is from APAC itself, and the other is from our
17 attorney from the Lawyers Committee for Civil Rights.

18 The one from APAC is regarding lack of the
19 transparency and a particular recommendation that we'd
20 like to make. First of all, we just wanted to say that
21 APAC is in support of this project, especially, you
22 know, as far as we have come for small businesses,
23 disabled veterans and so on, but we are definitely not
24 off to a good start on the actual implementation of
25 procurement and contracts. APAC members have identified

1 issues of concern practically with every RFP and RFQ
2 that has been elected. The Authority has had many
3 negative public relations issues and some very serious
4 opposition from individuals, organizations, and public
5 agencies. The reoccurring theme throughout, however, is
6 the question of transparency. We don't question the
7 board's sincerity on the issue of transparency. That
8 has been made very obvious to us. However, there seems
9 to be a glaring contrast between what the board tells
10 the public and what the public perceives. Our
11 recommendation is that the Authority get an independent,
12 objective assessment appraisal of the Authority's
13 procurement, contracting, and selection process as soon
14 as realistically possible before any more contracts are
15 awarded. Another government agency or even a consultant
16 could probably perform the assessment. The Authority's
17 credibility is at stake here. Before we move forward on
18 contracting, and there's going to be a lot of the
19 contracts coming out, let us make sure that there's full
20 disclosure and clarity in the Authority's procurement
21 and contracting procedures. Thank you.

22 Now, from um, the, the Lawyers Committee for
23 Civil Rights. It's also to Chairman Richard and
24 Authority board members, and this is also regarding the
25 disparity study contract.

1 On behalf of APAC, I write to express our strong
2 concern with the process used for awarding contract for
3 the Authority's disparity study. At the very least, the
4 process creates an appearance of impropriety that should
5 be addressed publically and transparently before any
6 further action is taken. We have been following CHSR
7 closely since filing the complaint with Federal Rail
8 Administration and we were pleased to see that this
9 contract was -- the disparity study, although we felt
10 that it was a little too low. We were pleased that at
11 least the RFP was requiring the contractor to have prior
12 experience in conducting disparity studies and that the
13 Authority was also requiring the contractor itself to be
14 a California small business.

15 As Paul Guerrero has already talked about G-CAP,
16 and I'm going to go into that again, but from what we
17 understand, the Authority has determined that G-CAP,
18 nonetheless, meets the RFP criteria of having performed
19 disparity studies and, presumably, other requirements
20 such as being knowledgeable about legal background and
21 relevant guidances through its sub-consultant. This
22 fact alone, that the prime contractor is apparently
23 subcontracting out the core work of the project to a
24 sub-consultant is problematic. Even more troubling,
25 however, is our understanding that this sub-consultant

1 is a non-California, non-SBE firm that is typically the
2 prime on disparity studies. However, this firm should
3 not be a prime under this RFP since it is not a
4 California firm nor an SBE. In other words, the only
5 way for this team to be responsive to the RFP was for
6 G-CAP, the California SBE, to be the prime even though
7 it appears to lack the core experience and expertise
8 called for in the RFP.

9 As members of the community looking in on this
10 process from outside, we are troubled by what we see.
11 Perhaps, there is a logical explanation for this process
12 but it's so -- is encompassed upon the Authority board
13 and staff to provide publicly and transparently.
14 Otherwise, our concern is that this award process will
15 sew community distrust in the Authority's SBE/DBE
16 program as the contract and procurement process. The
17 Authority policies and programs can only succeed when it
18 is scrupulous about avoiding the appearance of
19 impropriety, particularly as it issues that -- I'm
20 sorry. Particular as to issues that undermine the
21 entire integrity of the Authority.

22 We, therefore, urge you to address this issue
23 before taking any further action on the disparity study.
24 Sincerely, Orville Sellstrom, APAC legal counsel.

25 And I have handed you a copy of all of these.

1 Thank you very much.

2 CHAIRMAN RICHARD: Okay. Thank you,
3 Ms. LaCome.

4 Let me just say one thing about this at this
5 point. Obviously, any, any such allegations are ones
6 that we take seriously. Um, and I always think it's
7 unfortunate when people raise transparency issue because
8 I, frankly, have never served on a public body that was
9 more transparent than this organization. But having
10 said that, this issue came to my attention, and I have
11 inquired from staff, and there are, I guess, a number of
12 dimensions of it, but my understanding is that during
13 the time of the bid conferences, the pre-bid conference,
14 a question was raised as to whether or not a
15 subcontractor having performed disparity studies would
16 be acceptable, and whether this was an answer that, for
17 better or worse, whether people like this or not, the
18 answer was given through the transparent process of the
19 pre-bid conference that, yes, that would be acceptable.
20 So at least that dimension of this, that the one company
21 that bid with a subcontractor that performed the
22 disparity study was one that was openly raised and
23 discussed prior to the bids coming in.

24 Mr. Morales, I don't know if you wanted to
25 address any other issues or if it's more appropriate to

1 have our counsel address them to us after review, but I
2 did want to say that this is an issue that, you know,
3 had certainly come to my attention because of this
4 board's commitment to meeting our goals and to doing it
5 the right way and to the recognition that the disparity
6 studies is an essential element of that. So I don't
7 mean to put you on the spot, Mr. Morales, but I think I
8 just did.

9 MR. MORALES: I'm becoming used to it.

10 Just very briefly -- I, I want to join you in
11 rejecting flatly any suggestion that there's lack of
12 transparency in this process or back room deals, right.
13 Having worked on programs here in the state, around the
14 country, and around the world, again, I would agree,
15 people may not always agree with decisions, but I have
16 never seen a program as transparent as this, and I would
17 hope people would choose words appropriately.

18 In terms of the particulars, I think it's best
19 not to necessarily get into all the details and counsel
20 can deal, but I will say, you know, on a number of
21 issues raised, specific questions were raised,
22 allegations or questions raised, very specifically
23 answered, and the initial questions were proved to be
24 inaccurate. So we take those questions seriously when
25 they come up. We deal with them. If there are

1 problems, we will deal with those, but we're also not
2 going to undue things. If there's something wrong with
3 the process, and we are committed to a process. We
4 can't start changing the process because some people are
5 winners and some are not. The process will continue to
6 be transparent, open, and fair to everyone involved

7 CHAIRMAN RICHARD: And let me say, I would
8 like to just, you know, get some assurance from staff
9 that, to the issues that are being raised here with
10 respect to the eligibility of the participants in this
11 contract, that they are looked at and, perhaps, looked
12 at again to make sure that we're there. So we're going
13 to take these seriously in terms of the challenges that
14 have been raised, because we want to make sure that it's
15 in full compliance with the procurement procedures, not
16 only of this board but also we're governed by --
17 procurement and procedures, by the Department of General
18 Services and the other state contracting laws.

19 And I would finally also say that if there are
20 things about this process that, in the future, people
21 want to try to raise in terms of different policy issues
22 and things like that, I think we're always willing to
23 have those conversation and we would like to do that
24 because we would like to be, as I have said recently
25 when this issue was raised, we would like to be the gold

1 standard for how we're doing this. This is a big,
2 important project, but let's make sure that we have
3 facts on this. I think that we do, but let's just make
4 sure that we're in full compliance, and then we'll move
5 forward with that.

6 Okay. Vice-Chair Schenk.

7 MS. SCHENK: Thank you. I just think both
8 Ms. LaCome and Mr. Guerrero know the commitment of each
9 of us individually and the board collectively, and that
10 we are one mind on many of these issues, but I, too,
11 would like to caution. Words have meaning, and, you
12 know, unless there is pretty clear evidence, throwing
13 about terms like "back room deals," they don't help and
14 I have a lot of confidence and -- a tremendous amount of
15 confidence in our management and their integrity and
16 unless there is something very specific, I would like us
17 to keep the discourse on a level of, of disagreement
18 where there is disagreement but not make these kinds of
19 accusations that speak to individual and collective
20 integrity unless there's proof.

21 CHAIRMAN RICHARD: Okay. We will -- oh, I'm
22 sorry. Mr. Rossi.

23 MR. ROSSI: I would just like to echo my
24 colleagues statements. We're going to move forward. We
25 need to move forward in a positive way.

1 CHAIRMAN RICHARD: Okay. In a few minutes,
2 we're going to enter into closed session. I think that
3 the room is not going to be available until 11:00
4 o'clock.

5 All right. Before we do that, I'd like to
6 recognize the work of one of our staff people. It turns
7 out that this is Angie Reed's last meeting as the board
8 secretary, but fortunately, we're not losing her from
9 the organization, but I believe she's been promoted. If
10 not, then we're doing that right here.

11 MS. Schenk: Talk about micromanaging.

12 MR. HARTNETT: New title, same pay.

13 CHAIRMAN RICHARD: New title, same pay,
14 hopefully not but anyway, Angie, thank you for your
15 diligent work on behalf of the board. We appreciate it,
16 and we wish you the best of luck in your new capacity
17 and still count on you for some support.

18 MS. REED: It was my pleasure.

19 CHAIRMAN RICHARD: Okay. With that, the
20 board will now enter into closed session to discuss the
21 items on the agenda, and we'll reconvene afterward.

22

23 (Closed session.)

24

25 CHAIRMAN RICHARD: Okay. We'll be back in

1 session to announce that the closed session has
2 concluded and there are no actions to report.

3 With that, this meeting of the High-Speed Rail
4 Authority is adjourned. Thank you.

5

6 (Whereupon the proceeding concluded at 12:30 p.m.)

7

8

--o0o--

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 I, Brittany Flores, a Certified Shorthand Reporter of
2 the State of California, duly authorized to administer
3 oaths, do hereby certify:

4 That the foregoing proceedings were
5 taken before me at the time and place herein set forth;
6 that any witnesses in the foregoing proceedings, prior
7 to testifying, were duly sworn; that a record of the
8 proceedings was made by me using machine shorthand which
9 was thereafter transcribed under my direction; that the
10 foregoing transcript is a true record of the testimony
11 given.

12 Further, that if the foregoing pertains
13 to the original transcript of a deposition in a Federal
14 Case, before completion of the proceedings, review of
15 the transcript () was () was not requested.

16 I further certify I am neither
17 financially interested in the action nor a relative or
18 employee of any attorney of party to this action.

19 IN WITNESS WHEREOF, I have this date
20 subscribed my name.

21
22 Dated:

23
24 _____
25 Brittany Flores CSR 13460